Overview.

Passenger numbers carried on the rail network had increased significantly over the Celtic tiger era up to 2007 when they peaked at 45.5m per annum. There was however a decline in passenger numbers over the next six years to 36.7m per annum (-19.3%) in 2013 as the impacts of low economic growth, high unemployment, austerity measures / credit squeeze and poor consumer and business sentiment were felt across the board. That period also coincided with the completion of the major inter-urban motorway network linking Dublin with Belfast and the four provincial cities and the upgrading of the M50.

The decline in rail passenger numbers bottomed out towards the end of 2013. With improving economic indicators, growing consumer confidence and marketing initiatives, 2014 saw a nearly 3% increase in passenger numbers over 2013 levels and 2015 saw a further 4.9% increase in passenger numbers to 39.7m. The largest growth was in DART, which increased by 7.6% from 15.9m to 17.2m, demonstrating the need for planned service increases. On commuter routes numbers jumped by 3.3% from 11.6m to 12m, with strongest growth on the Cork – Midleton line up almost 9% to 340,000. InterCity grew by a more modest 2% to 10.4m. The main factors driving growth in 2015 included:

- the strengthening economy,
- marketing activity,
- Leap card and other integration methods, and
- focus on events to bring new business to the railway.

The results to date for 2016 indicate continuing strong growth levels, particularly in the greater Dublin area.

Business Plan Drivers.

The company’s business plan is driven by its Mission Statement: Delivering transport services that continually meet our customer requirements and help drive Ireland’s economic development.

Iarnród Éireann’s five year Strategic Business Plan (2017 – 2021) sets out a co-ordinated strategic approach to the development of the rail services in the short to medium term bearing in mind:

- Exchequer limitations to support an adequately resourced Infrastructure Manager multi-annual asset maintenance and renewal steady state programme and Train Operator PSO.
- Funding constraints for the delivery of capital enhancement projects, and
- State aid limitations for the development of rail freight and Rosslare Europort.

In accordance with EU Directives Iarnród Éireann has been restructured into Train Operator and Infrastructure Manager divisions.
The Train Operator’s business model is based on the provision of a convenient transport solution, offering reliable, frequent and punctual services that are accessible and competitive, to a range of customer groups including commuter, business and leisure including tourism. The key objectives that will be pursued include:

- Retaining the customer at the heart of our business in an increasingly competitive environment.
- Increasing commuter service capacity as demand strengthens and infrastructure in the Dublin central area is enhanced
- Improving standards of service while delivering modern, safe, reliable, consistent, accessible and integrated services in an efficient manner.
- Focused commercial strategy driving revenue growth by ensuring that our services are easy to buy, easy to use and offer a quality and value for money experience.
- Focus on cost transparency so that decisions on service developments and retention of certain routes can be made using empirical data.
- Improved efficiencies to drive down costs and deliver value for money.
- Improved functionality in revenue management, customer relationship management, web usability, customer information and station service systems.

The key objectives that will be pursued by the IM include:

- delivering a safe, modern and effective railway infrastructure,
- aligning investment to safety, accessibility, value for money and Train Operator business objectives,
- carefully targeting investment to support sustainable development and environmental objectives, and
- working together with stakeholders to deliver value for taxpayers and rail users.

**Key Initiatives.**

The key initiatives that will be pursued to deliver these business objectives include the following.

**Continuing focus on safety:**

- Continued investment in safety management systems (SMS).
- Upgrading / replacement of essential train control (NTCC and ATP / CAWS) and communication (GSMR radio) systems.
- Cost effective level crossing solutions prioritised on an annual basis.
- Remote station monitoring.

**Aggressive drive to achieve revenue targets:**

- Deliver the Customer First programme to transform the quality of engagement and service provided to customers by enhancing the way in which customer relationships and interfaces are managed including all aspects of ticket purchase, reservation and yield management.
- Continued expansion and promotion of the Leap proposition which delivers strong modal integration.
- Service enhancements and marketing initiatives including 10 minute DART service
- Options being considered to secure additional fleet, through refurbishment and purchase of new units, to provide additional capacity on Maynooth and Northern line services in response to anticipated demand growth
- Fares increase in line with inflation (CPI every year)
A tight control of costs:

- The core headcount is forecast to decrease from 3,799 in 2016 to 3,722 by 2019.
- Subject to funding, optimise the balance between reactive maintenance and timely asset renewal to reduce life cycle costs.
- Delivering best practice asset management.
- Working with the NTA to identify the appropriate and sustainable network and service levels within the funding envelope available.

Drive for improved efficiencies and reliability.

- Appropriate level of infrastructure maintenance and renewal with correct balance
  - Renewal of aged track with a primary focus on the Cork, Belfast and DART routes.
  - Annual programme of ballast cleaning.
  - Programmes of condition and risk based bridge, points & crossings, cuttings & embankments and fencing renewals.
  - Renewal of aged signalling assets on the Dublin – Cork, Kilkenny and Limerick.
  - Prioritised renewal of aged electrification assets (traction and OHLE).
  - Renewal of legacy systems including backbone transmission network, telephony & remote control systems and information systems & CCTV.
- Appropriate level of annual fleet heavy maintenance.

Drive to increase customer satisfaction:

- A limited increase in service frequencies including 10 minute DART and new services subject to market conditions and PSO funding.
- Better Dublin city centre commuter service penetration and interchange opportunities following completion of the city centre resignalling project, extension of Kildare commuter services via Phoenix Park Tunnel and integration with cross city LUAS.
- Deliver more competitive journey times.
- Right time performance will be the focus of punctuality management.
- Improved station service facilities for ease of use by customers with major upgrades of Limerick and Cork stations.

Non-core activities:

- Rosslare Europort will continue its drive for revenue growth by retaining and developing existing ferry businesses pending the granting of a long term concession agreement (early 2018) for the Europort whereby Iarnród Éireann would retain ownership of the Europort but where the private sector would take responsibility for the operational, commercial and investment risks in return for any profits generated during the concession period.
- The Rail Freight strategy is to organically grow the business by focusing on commercially viable niche market revenue streams. Key elements of the strategy include selling the profitable Navigator business in 2018. Iarnród Éireann will also pursue new rail freight business opportunities including the drinks, healthcare, building materials, bio-mass, waste and dairy industries. Commercial focus will incorporate the environmental benefits of rail freight as a logistics solution.
Strategic investments.

Iarnród Éireann has identified two key areas for strategic investment that should be progressed over the period of this strategic statement to enable the railway contribute to sustainable development. The development of the rail network of services along with an emphasis on modal shift, particularly in the greater Dublin area, is essential if climate change targets are to be achieved.

The phased implementation of the DART Underground Programme, including the missing link in the city centre, would dramatically improve rail access to Dublin City centre from local, regional and national catchments and significantly enhance interchange opportunities between all modes. Due to the scale of this programme careful phasing will be required following the completion of an ongoing joint review by Iarnród Éireann and the NTA to identify the most cost effective solution for DART Underground. The review is scheduled to be completed in mid-2017.

A rail connection to Dublin Airport at a cost of c.€300m would initially facilitate direct connections between the Airport and the DART catchment and an interchange connection with the Enterprise and Northern commuter services at Clongriffin. Ultimately, in the context of DART underground, it could also accommodate direct InterCity and regional connections to the Airport serving the commuting, business and tourism markets. The preservation of the alignment is the key priority objective in the short term.

Key funding requirements for the delivery of the strategy.

Key funding requirements for the delivery of the strategy include:-
- Increased exchequer funding to support a steady state infrastructure maintenance and renewal programme (c.€280m pa) including funding to address the backlog in works that has emerged over the last six years and the delivery of the vital train control and communications systems.
- Exchequer funding for the annual fleet heavy maintenance programme (c.€35m) and increased funding provision for fleet expansion.
- Inclusion of the DART underground programme design and construction in the Government Capital Investment programme as a priority to address sustainable development and climate change targets.

Key Performance Indicators.

Iarnród Éireann has agreed a number of key performance indicators with the competent authorities for the Infrastructure Manager multi-annual contract (DTTaS) and the Train Operator PSO contract (NTA). Performance against these KPIs is reported on, on a periodic basis.